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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

ROBERT L. MORGAN  
Executive Director

LOWELL P. BRAXTON  
Division Director

May 17, 2004

Zions Bank  
3 West Main Streete  
Vernal, Utah 80478  
(435) 789-7082

Attention: Kevin Van Tassell, Vice President

Subject: Reclamation Surety, Certificate of Deposit for Wembco Inc.'s "D" Tract Oil Sand Mine Site,  
S/047/068, Uintah County, Utah  
Certificate of Deposit no Principal Amount \$14,500.

This letter describes the mutually agreed upon instructions of the below signed parties to Zions Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the "D" Tract Oil Sand mine site ("Mine Site"), Uintah County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$14,500 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

#### **Ownership and Renewal:**

Ownership of the CD is retained by Larry Allred and Dorene Allred, individuals, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

#### **Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person

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DIV. OF OIL, GAS & MINING



claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

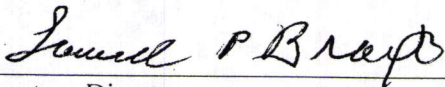
The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$14,500. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

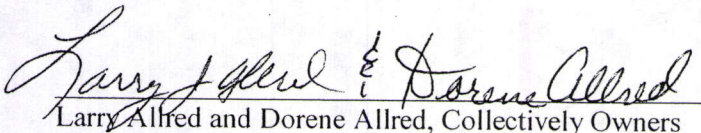
**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:



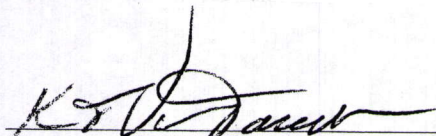
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining

Date: 6/21/04



Larry Alfred and Dorene Allred, Collectively Owners  
Tax ID Number:

Date: May 20, 2004



Kevin Van Tassell, Vice President  
Zions Bank

Date: MAY 21, 2004

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# ZIONS BANK®

## TIME DEPOSIT CONFIRMATION

Account Number: [REDACTED]

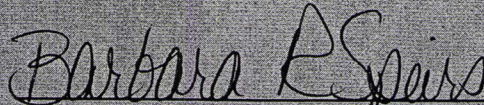
Date: 03/19/2004

Ownership: LARRY AND DORENE ALLRED-OWNERS  
UTAH, DIVISION OF OIL, GAS & MINING  
S/047/068FOR THE BENEFIT OF THE STATE OF  
FOR "D" TRACT OIL SAND MINE -Purchase Amount: \$14,500.00 Term: 21 ☒ Months ☐ Days

Interest Rate: 1.730% Annual Percentage Yield: 1.740% Maturity Date: 12/19/2005

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ MonthlyInterest Payment Method: ☒ Add to Deposit ☐ Issue Check ☐ Transfer to Account NumberNon-Renewable If Checked: ☐☐ Checking/MMDA ☐ Savings

Zions Bank Representative Signature:



This confirmation is not negotiable. This confirmation is not transferrable except on the records of the Bank. The Certificate of Deposit is issued in accordance with Zions Bank's Deposit Agreement.